Ad Hoc Financial Recovery Committee

FINANCIAL STABILITY IDEAS for CONSIDERATION

March 24th, 2010

REVENUES

- **ECO Pass** - Transition away from ECO Pass when Translink is implemented. ECO Pass brings average fare down and is heavily subsidized. Largest users are Santa Clara County and San Jose State University. Most likely would impact ridership negatively but would help with revenues.

- **Ballot Measure** - Look to a future ballot measure that would eliminate the 30 year sunset on Measure A. This would greatly aid the Measure A program as well as our overall financial outlook. Consider Transit as recipient of some SB 83 funds.

TRANSIT SERVICE

- **Service Reductions** - Look to reduce VTA provided services for routes that do not meet productivity standards.

- **Contracted Service** – as an alternative to service cuts:
  - Provide a level of subsidy to the community and have them contract for services directly. Mountain View Route 34 is an example, local routes in Gilroy and Morgan Hill are also examples.
  - Require that VTA competitively bid services. NCTD and Denver are good examples where considerable money was saved and service preserved.
  - New Services (BRT, for example) could be contracted.

COST STRUCTURE

- **Reduce Overall Cost Structure** - The overriding issue with regard to VTA future financial sustainability is the need to reduce the overall cost structure. The cost structure is driven by labor and benefits costs (more than 70%).
  - VTA’s cost for providing health care must be addressed. VTA currently pays all but $35/month for the cost of Kaiser Family plan.
  - VTA pays 100% of the cost for retirement, ATU Plan and Calpers, for all employees
  - All of these benefits are contained in labor agreements.
  - Virtually every Bay Area Municipality and public agency is impacted by these costs.
Options Include:

- **Board Policy** - Costs for labor and benefits need to be brought under control and no future labor agreements will be entered into without significant modifications to the current structure. Some examples of cost containment proposals include:
  - VTA paying a capped share of health care cost
  - VTA only paying for the employers’ share of retirement costs
  - Moving to a defined contribution plan, away from a defined benefit plan
  - Consider a compromise introduction of a two-tiered system where new employees would accept the above pension conditions and existing employees maintaining the current benefit level, with reasonable cost and risk sharing.

- **Third Party Evaluation** - Have an independent efficiency study which could yield recommendations such as:
  - Move to directing info/complaint calls to 511
  - Reduce advertising/marketing
  - Evaluate all staffing levels with an eye on reductions
  - Evaluate Copy Center
  - Review Information Technology support

**CONTRACTED SERVICES**

- Support re-bidding (competition) for contracted services including Paratransit, Caltrain, ACE.
- Look to “regionalize” commuter rail (Caltrain, ACE, Capitol Corridor)
- Reduce contribution levels (will result in service cutbacks, ie no weekend service; Gilroy service, cut one ACE train, etc.
- Consideration of continued support for Caltrain and ACE